

CLASS 12 BUSINESS STUDIES
CHAPTER-2
PRINCIPLES OF MANAGEMENT

IMPORTANT QUESTIONS

VERY SHORT ANSWER QUESTIONS (1 or 2 Marks)

QUESTION 1:

State the role of 'Gang Boss' in functional foremanship.

Answer: Gang boss has to ensure that all the required material are available for workers to start the work. He has to report to the production in charge as per functional foremanship.

QUESTION 2:

What is meant by Management principles?

Answer. Principles of management are broad and general guidelines for managerial decision-making and behavior.

QUESTION 3:

State the technique of scientific management which is the strong motivator for a worker to reach standard performance.

Answer: Differential piece wage system.

QUESTION 4:

State the role of 'route clerk' in functional foremanship.

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Answer: Route clerk is the person who work under the planning in charge & responsible for showing the route of production.

QUESTION 5:

Factory owners or managers relied on personal judgment in attending to the problems they confronted in the course of managing their work. Which principle of Taylor is it referring to?

Answer: 'Rule of thumb'

QUESTION 6:

What do you mean by Mental Revolution?

Answer: Mental Revolution means revolutionary change in the attitude of both workers and managers

QUESTION 7:

Name the organizational structure which helps in increasing managerial and operational efficiency. (CBSE 2016)

Answer: Functional structure helps in increasing the managerial & operational efficiency.

QUESTION 8:

A company manufacturing motorcycles and cars should have separate divisions for both, headed by separate divisional managers, separate plans and resources. Identify the principle with the help of this example.

Answer. Unity of Direction

QUESTION 9:

The directors of XYZ limited, an organization manufacturing computer, want to double the sales and have given the responsibility to the sales manager. The sales manager has no authority either to increase sales expense or appoint new salesmen. Hence, he could not achieve this target. Identify the principle violated in this situation.

Answer: Principle of Authority and Responsibility

QUESTION 10:

Who Suggested the concept of functional foreman ship?

Answer: F.W.Taylor.

QUESTION 11:

A subordinate receives order from more than one boss'. Which principle is violated?

Answer: Unity of command.

QUESTION 12:

Hina & Hitesh are typists in a company having the same educational qualification. Hina is getting Rs. 3000 per month \$ Hitesh is getting Rs 4000 per month as salary for the same work hours .Which principle of management is violated in this case? Name the principle \$ explain it.

Answer: In this case, the 'Principle of Equity' is violated .As both are working in same job position, possessing same qualification they must be paid same salary.

QUESTION 13:

What is meant by flexibility of principles of management?

Answer: The principles of management are not rigid. They can be modified by the manager when the situation so demands.

SHORT ANSWER QUESTIONS (3 or 4 Marks)

QUESTION 14:

Explain why is it said that principles of management are 'mainly behavioural' and 'contingent' in nature. Also explain how principles of management 'provides managers with useful insights into reality' and 'helps in thoughtful decision-making'.

(CBSE 2016)

Answer: Principles of management are 'mainly behavioural', 'contingent' in nature and 'provides managers with useful insights into reality' and 'helps in thoughtful decision-making'. These points have been explained below.

1. Mainly behavioural: The principles of management are 'mainly behavioural' in nature as management principles aim at influencing individuals, and their applicability vary as per human nature. Besides this, these principles provide an understanding of the relationship between individuals and material resources so that organisational objectives can be achieved.

2. Contingent: Their applicability depends upon the prevailing situation at a particular point of time. The application has to be changed as per the situation.

3. Formed by practice and experimentation: Principles of Management are based on years of experimentation and experience. Thus, these principles guide the managers, when they face the real world problems. Managers can use them in different situations to solve the problems, which are of recurring nature.

4. Cause and Effect relationship: Decisions regarding management should be taken carefully. They should be based on reasons and facts. As principles of management were developed from real life problems so, they stand the test of logic and reasoning. Thus, principles of management help the managers in taking logical decisions that are free from personal bias.

QUESTION 15:

Explain the principles of scientific management.

Answer:

1. **Science, not rule of Thumb** As per Taylor the work /task should not be performed by 'hit or miss method, rather a logical and a rational approach should be followed in each and every element of work. We should be constantly experimenting to develop new techniques, which make the work much simpler, easier and quicker.
 2. **Harmony, not discord** : There should be complete harmony between management and workers in achieving organizational goals. It implies that there should be mental revolution on the part of managers and workers in order to respect each other's role and eliminate any class conflict to realize organizational objectives.
 3. **Cooperation, not individualism** : According to this principle, all the activities in the firm should be carried out by the mutual cooperation of one and all. Managers and employees should jointly determine standards and take measures to achieve them.
 4. **Development of each and every person to his or her greatest Efficiency and Prosperity:** As per this principle each and every employee should be given importance, their efficiency should be taken care of right from the beginning by giving proper training to them and increase and enhance their future prospect.
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QUESTION 16:

Explain briefly 'discipline' and 'scalar chain' as principles of general management.

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Answer:

(i) Discipline: Discipline implies that an organisation should follow the rules and regulations and ensure conformity to the set rules and policies. Discipline requires good supervisors at all levels, clear and fair agreements and judicious application of penalties.

(ii) Scalar chain: Scalar chain refers to a pre-defined, formal path of authority and communication in the order of the highest to the lowest. Every individual in an organisation follows this chain of authority for communication.

QUESTION 17:

Sanchit, after completing his entrepreneurship course from Sweden returned to India and started a coffee shop 'Aroma Coffee Can' in a famous mall in New Delhi. The specialty of the coffee shop was the special aroma of coffee and wide variety of flavors to choose from. Somehow, the business was neither profitable nor popular, Sanchit was keen to find out the reason. He appointed Sandhya, an MBA from a reputed college, as a Manager to find out the causes for the same. Sandhya took feedback from the clients and found out that though they loved the special unique aroma of coffee but were not happy with the long waiting time being taken to process the order. She analyzed and found out that there were many unnecessary obstructions in between which could be eliminated. She fixed a standard time for processing the order. She also realised that there were some flavors whose demand was not enough. So, she also decided to stop the sale of such flavors. As a result with in a short period Sandhya was able to attract the customers. Identify and explain any two techniques of scientific management used by Sandhya to solve the problem.

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Answer:

The techniques of scientific management used by Sandhya to solve the problem are:

(a) Standardization of work: Standardization of work implies setting milestones or benchmarks for any work or activity. It aims at establishing standards of excellence against which actual performance can be measured. Standards are to be followed by the managers and workers in the production process, and standardization has the objective of ensuring that the final product is of fixed size, characteristic and quality. Various other techniques given by Taylor, such as method study, fatigue study and time study, are based on the concept of standardization.

(b) Simplification of work: Simplification of work involves eliminating the unnecessary diversifications in the production terms of variety, size and dimension. It aims at fuller utilisation

of the resources, reducing the inventories and increasing the turnover. It also helps in reducing the costs of labour and machines. Along with this, simplification aims at removing the unnecessary steps involved in a process to achieve efficiency.

QUESTION 18:

**Explain briefly 'Unity of Direction' and 'Order' as principles of general management.
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Answer:

(i) Unity of Direction: According to this principle, each unit of the organisation should work towards a common objective. According to it, units having same goals should have a single head and plan. This principle helps in eliminating the overlapping of work. For example, if an organisation is engaged in the manufacturing of two products, then each products should have its own separate department and divisions with their respective heads and plans.

(ii) Order: Orderliness principle focuses on right arrangement of things. Everything and everyone should be at their respective places, in short 'right people at right place and at right time'. This helps in carrying out the tasks smoothly. For example, if important documents are kept in a certain order then it will help in locating these files easily when required. Violation of this principle leads to chaos and delay in work.

QUESTION 19:

How are management principles derived?

OR

"Management principles are evolutionary." Explain.

OR

"Derivation of management principles may be said to be a matter of science." Explain.

Answer: Management principles have emerged gradually, through an evolutionary process of combining deep observations and experimental studies.

(i) Observation method

Under this method, managerial researchers to derive management principles observe and analyze practical events. For example, it was observed that by dividing the work into different

units, efficiency of employees improved. As a result, it led to formulation of principle of 'division of labor'.

(ii) Experimental method

Under this method, experiments are conducted so that management principles can be derived and their validity can be tested. For example, two units, one unit involving one superior and one subordinate and other unit involving two superiors and one subordinate, were taken. It was found that unit having one superior and one subordinate performed better. As a result, it led to formation of principle of "unity of command." From the above it can be concluded that observations and experiments result in the formulation of management principles, which therefore are evolutionary. Hence, derivation of management principles can be said to be a matter of Science. It is worth mentioning here that even though derivation of management principles is a matter of science; their application remains a matter of art. The success of managers depends upon how skillfully they put these principles into practice.

QUESTION 20:

‘Discipline is double-edged tool’ Comment.

Answer: Discipline is a double-edged tool. It is expected to strike a balance between, forcing the discipline on one hand and motivating employees on the other. Personnel entrusted with enforcing it are expected to be competent and capable of achieving this balance. Employees must honor the commitment made by them and management must meet its promises to increase wages declaration of bonus etc.

LONG ANSWER TYPE QUESTIONS (5 OR 6 MARKS)

QUESTION 21:

Explain the Features of the principles of Management.

Answer:

Management principles are the statements of basic truths, which have the ability to predict the result of managerial activities. Following are the features:

1. Universal applicability: The principles are universal in nature. Universality refers to the truth, which is equally applicable in all the spheres. All Business units such as Industries and non business units such as educational institutions has to apply more or less the same principles in order to achieve their objectives.

2. General guidelines: The principles of management are not definite and specific like the principles of science. The principles of management cannot be applied blindly anywhere and are not applied strictly.

3. Formed by practice and experimentation : Principles of management are the result of the various problems faced by the professionals. As the problems arise research is easily done, through observation and continuous experimentations.

4. Flexibility: The principles of management are flexible as they can be changed according to the situation in hand . As there is the change in the environment, new kinds of problems arise and so the principles are altered and the new ones are propounded.

5. Relationship between cause and effect: The principles of management establish the relation between the cause and effect. For e.g. If unity of command is followed, it avoids confusion among the employees. In this statement, Unity of command is the cause and avoidance of confusion is the effect.

6. Contingent: Management principles are contingent in nature, which means, they are not permanent as they are affected by the changes in the business environment.

QUESTION 22:

Explain why is it said that principles of management are 'mainly behavioural' and 'contingent' in nature. Also explain how principles of management 'provides managers with useful insights into reality' and 'helps in thoughtful decision-making'.

Answer: Principles of management are 'mainly behavioural', 'contingent' in nature and 'provides managers with useful insights into reality' and 'helps in thoughtful decision-making'. These points have been explained below.

1. Mainly behavioural: The principles of management are 'mainly behavioural' in nature as management principles aim at influencing the behaviour of individuals, and their applicability vary as per human nature. Besides this, these principles provide a understanding of the relationship between individuals and material resources so that organisational objectives can be achieved.

2. Contingent: Management principles are also contingent in nature as they can be used in different situations depending upon the nature of the manager and the requirement of the situation.

3. Provides managers with useful insights into reality: Principles of Management are based on years of experimentation and experience. Thus, these principles guide the managers, when they

face the real life problems. Managers can use them in different situations to solve the recurring problems.

4. Helps in thoughtful decision-making: Decisions regarding management should be taken carefully. They should be based on reasons and proofs rather than beliefs and ignorance. As principles of management were developed from real life problems so, they stand the test of logic and reasoning. Thus, principles of management help the managers in taking logical decisions that are free from personal bias.

QUESTION 23:

Explain the importance of management principles.

Answer: The importance of management principles can be understood by considering the following points:

1. **Providing managers with useful insights into reality:** Principles of management help in increasing managerial efficiency by adding to their knowledge and ability to understand the various situations more objectively.
 2. **Optimum Utilization of Resources and effective administration:** Management principles help in organizing various activities in such a way that results in elimination of unwanted activities and consequent wastage. Management principles help in managing organizations effectively. For example, Unity of Command helps to avoid confusion and conflicts. Unity of Direction ensures unity of actions to facilitate coordination.
 3. **Scientific decisions:** They help the managers in taking the decisions based on the objective assessment of a situation. Thus, decisions taken are logical and free from any bias and prejudice.
 4. **Meeting changing environment requirements:** Though the principles are only guidelines for action, yet they can be modified according to the need of changing situations. Thus, principles of management help in meeting changing requirements of the environment.
 5. **Fulfilling social responsibilities:** Principles of management have been devised in such a way that they help in fulfilling social responsibilities.
 6. **Management training, education and research:** Principles of management are used as a basis for management training, education and research.
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QUESTION 24 :

Discuss the differences between the contributions of Taylor and Fayol.

Answer :

Basis of Difference	Taylor's Contributions	Fayol's Contributions
Contribution	Scientific Management or 'Taylorism' Theory was given by Taylor in 1911.	General Theory of Administration or 'Fayolism' was given by Fayol in 1916
Personality	Taylor was a mechanical engineer/scientist.	Fayol was a mining engineer/practitioner.
Principles and Techniques	Taylor introduced Principles of Scientific Management and Functional Foremanship along with the techniques such as method study, motion study, etc.	Fayol introduced 14 Principles of Management such as Order, Equity, Espirit de Corps, etc.
Application of Principles	Principles are applicable to specialized situations.	Principles are accepted everywhere and are universal in nature.
Perspective	Taylor's principles are based on improving the conditions of floor level workers first.	Fayol's principles are based on the functions of the higher level managers.
Emphasis and Focus	Focus was on improving the overall administration of an organisation.	Focus was on increasing the productivity along with the worker's efficiency.
Title	Taylor is called 'Father of Scientific Management'	Fayol is called 'Father of General Management'

QUESTION 23:

Discuss the following techniques of Scientific Work Study:

- (a) Time Study
- (b) Motion Study
- (c) Fatigue Study
- (d) Method Study
- (e) Simplification and standardisation of work.

Answer :

(a) Time Study- In this technique Taylor emphasised on setting a standard time limit for completing any particular job. Time measuring devices are used for each element of task. The standard time is fixed for the whole of the task by taking several readings. The method of time study will depend upon volume and frequency of the task, the cycle time of the operation and time measurement costs. The objective of time study is to determine the number of workers to be employed; frame suitable incentive schemes and determine labour costs. For example, if, on the basis of observations it is determined that one person can finish making 1 shirt in two hours then, in a working day of 8 hours, each worker should make 4 shirts.

(b) Motion Study- As the name suggests, motion study refers to the study of motion (movements) involved while undertaking a task. This technique aims at removing the unwanted actions/motions so that the work can be completed in a lesser time. Taylor along with his associate Frank Gailberth observed the motions of a worker and categorized them as productive, incidental and unproductive. They demonstrated that by eliminating the unproductive movements productivity can be increased. For example, in brick layering they demonstrated that productivity increased by nearly 4 times by reducing the motions from 18 to 5.

(c) Fatigue Study- This technique is regarding requirement of rest or break during the work. If a worker works continuously physical and mental fatigue sets. This reduces his/her efficiency. Thus, the worker requires rest or break. Fatigue study identifies the intervals required while completing a task. It suggests that standard break timings should be decided for improving the working performance of workers.

(d) Method Study- This study aims at finding out the best method of completing any work. It takes into account each and every activity involved in the task. It helps in reducing the costs and maximizing the satisfaction of the customers. Assembly line production, used by Ford Motors is a popular example of method study.

(e) Simplification and Standardisation of Work- Taylor holds up standardisation as the very basis of techniques of scientific management. Standardisation as the word suggests implies setting of milestones or benchmarks for any work or activity. Various other techniques by Taylor, such as method study, fatigue study and time study are also based on the concept of standardisation.

The objectives of standardisation are:

- (i) To reduce a given line or product to fixed types, sizes and characteristics.
- (ii) To establish interchange ability of manufactured parts and products.
- (iii) To establish standards of excellence and quality in materials.
- (iv) To establish standards of performance of men and machines.

Simplification on the other hand means eliminating any unnecessary diversifications in the product. It aims at fuller utilisation of the resources, reducing inventories and increasing the turnover. It helps in reducing the costs of labour and machines. This technique helps in optimum utilisation of resources and removes the unnecessary costs.